

Message Text

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ACTION EUR-12

INFO OCT-01 AF-06 ARA-06 EA-07 NEA-10 IO-11 ISO-00 AGR-05

AID-05 CEA-01 CIAE-00 COME-00 EB-07 FRB-03 INR-07

NSAE-00 OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01

OMB-01 NSC-05 SS-15 STR-04 L-03 H-02 PA-01 PRS-01

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FM USMISSION OECD PARIS
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AMEMBASSY ANKARA

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AMEMBASSY VIENNA

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AMEMBASSY ALGIERS

AMEMBASSY JIDDA

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AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA
AMEMBASSY YAOUNDE
AMEMBASSY NEW DELHI
AMEMBASSY JAKARTA
AMEMBASSY TEHRAN
USINT BAGHDAD
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LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 05301

E.O. 11652: N/A

TAGS: EGEN, CIEC, ETRD, OECD

SUBJECT: CIEC: COMMISSION ON RAW MATERIALS (CORM)

FOLLOWING IS TEXT OF G-19 PAPER WHICH, ALONG WITH G-8
PAPER REPORTED SEPTEL, WILL CONSTITUTE BASIS FOR DIS-
CUSSION OF ITEM 2 OF CORM WORK PROGRAM AT MARCH SESSION
OF THIS COMMISSION.

BEGIN TEXT

COMMISSION ON RAW MATERIALS

PROPOSAL BY GROUP OF 19

THE COMMISSION ON RAW MATERIALS OF THE CONFERENCE ON
INTERNATIONAL ECONOMIC COOPERATION HAS DISCUSSED THE
QUESTION OF SUPPLY AND DEMAND OF RAW MATERIALS INCLUDING
FOOD STUFFS. IN THE LIGHT OF THIS DISCUSSION AND TAKING
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INTO ACCOUNT WORK CARRIED OUT IN OTHER FORA AND ISSUES
IDENTIFIED BY GOVERNMENTS, THE KEY PROBLEMS OF RAW
MATERIALS CAN BE IDENTIFIED AS FOLLOWS:

1 - DEVELOPING COUNTRIES ARE PARTICULARLY VULNERABLE
TO CHANGES IN THE INTERNATIONAL COMMODITY TRADE BECAUSE
OF THEIR HEAVY DEPENDENCE ON EXPORTS OF RAW MATERIALS
FOR THEIR FOREIGN CURRENCY EXCHANGE EARNINGS.

2 - COMMODITIES AND RAW MATERIALS ARE CHARACTERIZED BY EXCESSIVE FLUCTUATIONS IN PRICES.

3 - MANY COMMODITIES EXPERIENCE DEPRESSED PRICES AND FOUR SHOW A PERSISTENT DOWNWARD TREND IN PRICE.

4 - OBSTACLES TO TRADE, INCLUDING TARIFF AND NON-TARIFF BARRIERS, SURPLUS DISPOSAL AND DOMESTIC PRICE SUPPORT POLICIES.

5 - THE PRODUCTION OF SYNTHETIC PRODUCTS WHICH ADVERSELY AFFECT THE COMPETITIVENESS OF NATURAL PRODUCTS AND RESTRICTS THE MARKET OUTLETS OF THESE PRODUCTS.

6 - THE ACTIVITIES OF TRANSNATIONAL CORPORATIONS IN AS MUCH AS THEY ADVERSELY AFFECT OR DISTORT PATTERNS OF OWNERSHIP, PRODUCTION, PRICING, PROCESSING IN DEVELOPING COUNTRIES, TRANSPORT, MARKETING AND DISTRIBUTION OF COMMODITIES AND RAW MATERIALS.

7 - INFLATION AND RISING COSTS OF IMPORTS OF GOODS AND SERVICES AND EROSION OF THE PURCHASING POWER OF EXPORTS OF DEVELOPING COUNTRIES.

8 - DISRUPTION OF COMMODITY MARKETS BY INTERNATIONAL MONETARY INSTABILITY, FLUCTUATIONS IN EXCHANGE RATES AND BY SPECULATIVE ACTIVITIES.

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9 - DEPLETION OF NATURAL RESOURCES ACCELERATED BY LOW PRICES AND WASTEFUL USE.

WITH A VIEW TO ..ESTRUCTURING INTERNATIONAL TRADE IN RAW MATERIALS SO THAT IF OFFERS A VIABLE SOLUTION TO THE PROBLEMS CONCERNING RAW MATERIALS IN FAVOR OF DEVELOPING COUNTRIES, THE FOLLOWING OBJECTIVES SHOULD BE ATTAINED:

- (A) IMPROVEMENT OF THE TERMS OF TRADE OF THE DEVELOPING COUNTRIES IN THE FIELD OF COMMODITIES;
- (B) SUPPORTING COMMODITY PRICES AT LEVELS WHICH IN REAL TERMS ARE REMUNERATIVE AND JUST TO PRODUCERS AND EQUITABLE TO CONSUMERS, TAKING FULL ACCOUNT OF THE RATE OF WORLD INFLATION AND FLUCTUATIONS IN THE EXCHANGE RATES OF THE MAIN CURRENCIES;

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- (C) REDUCTION OF EXCESSIVE FLUCTUATIONS IN COMMODITY PRICES AND SUPPLIES IN THE INTEREST OF BOTH PRODUCERS AND CONSUMERS;
- (D) IMPROVING AND STABILIZING IN REAL TERMS THE PURCHASING POWER OF THE EXPORT EARNINGS OF INDIVIDUAL DEVELOPING COUNTRIES;
- (E) EXPANSION OF DEVELOPING COUNTRY EXPORTS OF PRIMARY AND PROCESSED PRODUCTS, IMPROVEMENT OF THE COMPETITIVENESS OF NATURAL PRODUCTS VIS-A-VIS SYNTHETIC SUBSTITUTES AND HARMONIZATION OF THE PRODUCTION OF SYNTHETICS AND SUBSTITUTES IN DEVELOPED COUNTRIES WITH THE SUPPLY OF NATURAL PRODUCTS PRODUCED IN DEVELOPING COUNTRIES;
- (F) DIVERSIFICATION OF PRODUCTION, INCLUDING FOOD PRODUCTION AND EXPANSION OF THE PROCESSING OF PRIMARY COMMODITIES IN DEVELOPING COUNTRIES WITH A VIEW TO PROMOTING THEIR INDUSTRIALIZATION AND INCREASING THEIR EXPORT EARNINGS;
- (G) ASSURANCE OF ACCESS TO MARKETS OF DEVELOPED COUNTRIES FOR EXPORTS FROM DEVELOPING COUNTRIES;
- (H) INCREASING THE PARTICIPATION OF DEVELOPING COUNTRIES IN THE TRANSPORT, MARKETING AND DISTRIBUTION OF THEIR EXPORTS AND THEIR SHARE IN THE EARNING THEREFROM.

MEASURES

1. COMMON FUND
2. STOCKS ARRANGEMENTS AND OTHER MEASURES NECESSARY
FOR THE ATTAINMENT OF THE ABOVE OBJECTIVES.
3. INDEXATION OF PRICES
4. IMPROVEMENT AND ENLARGEMENT OF THE COMPENSATORY
FINANCE SCHEMES.
5. INCREASING LOCAL PROCESSING OF RAW MATERIALS IN
THE PRODUCING DEVELOPING COUNTRIES.
6. LIBERALIZATION AND IMPROVEMENT OF ACCESS TO MARKETS
OF DEVELOPED COUNTRIES. IN EMERGENCY SITUATIONS OF
MARKET DISRUPTION, TRADE AND FINANCIAL MEASURES
SHOULD BE TAKEN SO AS NOT TO ADVERSELY AFFECT TRADE
FLOWS FROM DEVELOPING TO DEVELOPED COUNTRIES.
7. IMPROVING THE SHARE OF DEVELOPING COUNTRIES IN THE
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TRANSPORT, MARKETING AND DISTRIBUTION OF RAW
MATERIALS OF INTEREST TO THEM.
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